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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C. BAE FEBRUARY 1952

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SUMMARY

CONTENTS

Prices received by farmers fell by 4 percent during the month ending in mid-February, continuing the decline from December. Sharply lower prices for truck crops and eggs, and moderate declines for cotton and cottonseed, oats, lambs, and wool were largely responsible for the drop in the index from mid-January. Prices paid by farmers including interest, taxes, and farm wage rates were up slightly. The resulting parity ratio for mid-February was 100, down 5 points from January and 13 points from a year earlier.

Wholesale prices also continued to weaken, with all commodity groups, except the relatively scarce metals, participating in the recent declines. Since early January, the BLS weekly wholesale price index has drifted downward nearly 1.5 percent. Reductions of about 4 percent were registered for prices of farm products and textiles, over 4 percent for chemicals and allied products, and about 2 percent for food products.

Over-all economic activity in the last several months has been relatively stable at a high level. Total industrial production has varied little from a level about 2 percent below the peak reached last April. Reduced production of both nondurable goods and consumer durable goods, particularly automobiles, since early 1951 has approximately offset the steady rise in output of goods for defense and industrial expansion. The value of new construction, after seasonal adjustment, rose sharply in January to the highest level since last May. New nonfarm housing starts were up almost 10 percent from the relatively low December rate but were down about 20 percent from January 1951.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1951 Year	1951 Jan.	1951 Oct.	1951 Nov.	1951 Dec.	1952 Jan.
Industrial production 1/							
Total	1935-39=100	220	221	218	219	218	219
All manufactures	do.	229	231	226	228	228	229
Durable goods	do.	273	268	273	277	281	280
Nondurable goods	do.	194	201	188	188	185	187
Minerals	do.	164	164	174	170	163	164
Construction activity 1/							
Contracts, total	1935-39=100	556	422	455	507	540	526
Contracts, residential	do.	691	765	650	596	588	554
Wholesale prices 2/							
All commodities	1926=100	180	180	178	178	178	
All commodities except farm and food	do.	169	170	167	167	167	
Farm products	do.	196	194	192	195	194	
Food	do.	187	182	189	189	187	
Prices received and paid by farmers 3/							
Prices received, all products	1910-14=100	302	300	296	301	305	300
Prices paid, interest, taxes and wage rates	do.	281	272	283	284	284	287
Parity ratio	do.	107	110	105	106	107	105
Consumers' price 2/ 4/							
Total	1935-39=100	186	182	187	189	189	189
Food	do.	227	222	229	231	232	232
Nonfood	do.	164	160	166	166	167	167
Income							
Nonagricultural payments 5/	Bil. dol.	229.4	221.4	234.5	234.8	234.3	
Income of industrial workers 3/	1935-39=100	427e	416	425	426	435	
Production worker pay rolls 2/	do.	460e	451	462	462	473	
Weekly earnings of factory workers 2/							
All manufacturing	Dollars	64.93	63.76	65.41	65.81	67.36	66.79
Durable goods	do.	69.97	67.65	71.14	71.01	72.63	71.93
Nondurable goods	do.	58.61	58.53	58.00	59.04	60.45	60.16
Employment							
Total civilian 6/	Millions	61.0	59.0	61.8	61.3	61.0	59.7
Nonagricultural 6/	do.	54.0	53.0	54.2	54.3	54.6	53.5
Agricultural 6/	do.	7.0	6.0	7.7	7.0	6.4	6.2
Government finance (Federal) 7/							
Income, cash operating	Mil. dol.	n.a.	4,696	2,855	4,293		
Outgo, cash operating	do.	n.a.	3,438	5,801	5,642		
Net cash operating income or outgo	do.	n.a.	+1,259	-2,946	-1,348		

Annual data for the years 1929-49 appear on page 32 of the April 1951 issue of The Demand and Price Situation. Annual data for 1950 appear in the January 1952 issue.
1/ Federal Reserve Board, construction activity converted to 1935-39 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1950 are on average monthly basis.
e Estimated. n.a. not available.

Total employment also has been relatively stable after adjustment for seasonal differences. However, unemployment resulting mainly from dislocations accompanying the expanding defense program has been large in a few areas. Defense contracts have been reallocated to these areas and allotments of critical materials have been increased for some of the less essential civilian goods.

Available information on expenditures so far this quarter indicates that defense spending is rising a little more rapidly than from the third to the fourth quarter, but slower than previously scheduled. Business men's intentions to invest as reported in late October and during November indicated record expenditures for plant and equipment in the first quarter after adjusting for seasonal factors. Retail sales, seasonally adjusted, were up a moderate 2 percent in January, approximately regaining the level of last fall.

Commodity Highlights

Meat production in 1952 is expected to be moderately above 1951. Slaughter of cattle and calves and sheep and lambs will increase somewhat over 1951 and hog slaughter will be higher in the first part of 1952. Milk production in 1952 probably will not exceed last year and, with continued strong demand in prospect, prices to farmers are likely to continue higher than a year ago. Farmers intend to raise 10 percent fewer chickens this spring for laying flock replacement but egg production for 1952, as a whole, probably will exceed last year. Supplies of feed grains will be smaller in the first half of 1952 than in any of the past 3 years. On the other hand, the number of livestock and poultry on farms is at the highest level since 1946. Total disappearance of edible vegetable oils this marketing season was about the same as a year ago but supplies have been much greater and prices are substantially lower. With larger total supplies of fresh and processed fruits, grower prices for most fruits in March and April probably will increase less than usual. Prices for truck crops for fresh market this spring probably will average a little lower than a year earlier, if production keeps pace with the indicated increase in acreage of spring crops. Prices for 1951-crop potatoes in March and April are expected to remain at least as high as in February. Small supplies will result in continued relatively high prices for sweetpotatoes throughout this spring. Cotton consumption through the first half of the marketing year totaled 4,707 thousand bales compared with 5,449 thousand during the same months last season. Mill demand for raw wool for civilian goods probably will strengthen as inventories become more nearly in line with retail sales. Consumption of cigarettes, the major outlet for Flue-cured and Burley tobacco, was at a record high in 1951 and some further increase seems likely in 1952.

OUTPUT AND EMPLOYMENT

Industrial production continues to show marked over-all stability. At 219 during January, the Federal Reserve Board's seasonally adjusted index (1935-39=100) was up one point from December, and has changed little for half a year. The first increase since August in output of nondurables

offset a slight drop in durables. Estimated production for January was about 1 percent below the near-record level of 221 a year ago. Although production of defense and defense-related durable goods is higher than in January last year, the gain has failed to offset a sharp reduction in output of both durable and nondurable consumer goods. The stability of the last six months has reflected a small gain in output of durable manufactures and a slight decline in output of nondurable goods and minerals.

Available information for early February indicates that steel plants were operating at a record level almost 8 percent above the relatively low level of February a year ago when plant operations were down to 97 percent of capacity. Weekly output of cars and trucks is rising as production of new models gets underway.

Total durable goods production was down one point in January to 280, 4 percent above the same month a year earlier. Steel output continued to expand, with the industry operating during January at 100 percent of rated capacity, figured in January at approximately 108 million tons a year. During 1951, about 4 million ingot tons were added to the Nation's steel-making capacity, while over 8 million tons have been added since Korea. Aircraft and other transportation equipment, except automobiles, was off slightly, and car output of about 275,000 units was below the rate permitted under the National Production Authority quota of 1,006,000 units for the first three months of 1952. Model change-overs, a minor labor dispute, and inventory taking throughout the industry were held responsible. Lumber production continued well below recent record levels. Output of durable consumer goods other than automobiles, although up from the mid-1951 low, is substantially below the record levels attained in 1950 and early 1951. Production of nondurable goods was up a little in January, but the index, at 187 was still 7 percent below a year earlier. Textile production was up 5 percent with smaller increases for paper and products and chemicals. Rubber products output was unchanged, while manufactured food products were down a little. Production of minerals rose 1 point to 164 as increased coal output offset a moderate decline in production of metals. The Nation's mines in January were working at about the same rate as a year earlier, but 6 percent below last October's record level.

Manufacturers' sales declined about 4 percent in December, after adjustment for seasonal factors, to 21.3 billion dollars. Most of the drop occurred in durable goods industries, where sales were off 6 percent. Unusually bad weather conditions were partly responsible for the decline. Sales of nondurable goods, off 3 percent, showed little change either by individual industry or in the total. While new orders received by manufacturers of both hard and soft goods declined from November, the volume in each case was about equal to sales and unfilled orders remained unchanged at about 61.9 billion dollars at the end of December. This is equivalent to about 3 months sales at the December rate compared to almost 2 months a year earlier. Backlogs of durable goods rose slightly in December to around 5 to 6 times monthly sales compared with about 3.5 times the monthly sales rate a year earlier. The near 60-percent increase in total industry back-logs from December 1950 was entirely confined to makers of durable goods and represents, to a large extent, placement of orders for

defense and related goods. Unfilled orders in the hands of nondurable goods manufacturers were almost 12 percent smaller at the end of 1951 than a year earlier.

Manufacturers' inventories at the end of December totaled 42.0 billion dollars, having risen a record 8.7 billion, or around one-fourth during 1951. Although higher prices have contributed to increased book values, the Department of Commerce estimates that the accumulation of goods held in stock accounted for about 90 percent of the total increase. About two-thirds of the inventory accumulation during the year occurred in durable goods industries, and they continued to increase their stocks during December. Seasonally adjusted inventories of soft goods, however, have undergone a slight but continuous liquidation since September.

Wholesalers' sales in December were down 4 percent from November after allowance for seasonal factors. Declines were registered for both durable and nondurable goods. However, total inventories at the end of December were very slightly below November as reduced receipts from manufacturers approximately matched reduced sales.

The total value of new construction, after adjustment for seasonal differences, rose sharply in January as private construction expenditures for industrial and commercial building and other nonresidential building increased substantially over December. The unadjusted value of new construction put in place during January totaled 2.1 billion dollars, a decline of 4 percent from December but slightly more than the January 1951 total. Outlays for new private construction totaled 1,460 million dollars, 4 percent less than in December and 8 percent under January of last year. The drop from a year ago reflects mainly a 20 percent lower level of private residential building, which was valued at 720 million for the month, or 11 percent less than in December. Almost all private nonresidential types of construction except public utilities rose from December to January. Industrial building outlays were nearly 40 percent above a year earlier while commercial building expenditures were down about one-fourth from January 1951. Public construction expenditures dropped 5 percent in January, largely because of a 21 percent decrease in highway building. Educational building increased 10 percent during the month. Public expenditures for residential building were up slightly over the month to a level more than double that of January 1951. Construction of military facilities and industrial plants, while also at greatly expanded levels, was down moderately from December to January.

An estimated 68,000 new nonfarm dwellings were started in January, 10 percent more than in December but about one-fifth below a year earlier due primarily to a lower level of private homebuilding. Public housing starts in January were nearly 3 times the December rate while private residential construction rose by 6 percent. Preliminary information on building permits issued in January indicates continued strength in housing activity for February when many of the units authorized the previous month will get started.

Total civilian employment declined 1.3 million persons in January to 59.7 million. This was due to the usual seasonal factors which reduce employment following the Christmas holidays. Adjusted for seasonal variation, total employment continued at about the December level. The civilian labor force, however, at 61.8 million, was 900 thousand smaller and un-

employment consequently rose by only 400 thousand to 2.1 million. This is the largest number of unemployed since March 1951, when about the same number of people were without work. Mainly as a result of dislocations accompanying the defense production program and reduced output in many lines of consumer goods, the number of unemployed has risen slowly but rather continuously since last September when the postwar low of less than 1.6 million was reached. However, total unemployment this January was half a million less than last, and the rate of unemployment (number of jobless as a percent of the civilian labor force) was 3.3 percent compared with 4.1 a year earlier.

The January decline in employment was confined to industry and trade, as farm employment rose. The Bureau of Agricultural Economics estimate of farm employment for late January was up more than 4 percent from the seasonal low of late December. The rise was due to increased field work which accompanied milder weather in some parts of the country. Continuing the long-term decline in farm employment, the January estimate was 3 percent below a year earlier.

INCOME AND RELATED FACTORS

Personal income, at a seasonally adjusted annual rate of 257.1 billion dollars in December, was only 0.6 billion higher than in November. During the month proprietors' and rental income rose 0.5 billion dollars, due primarily to increased farm income; Government pay rolls declined more than 1 billion dollars as retroactive wage-increase payments were completed; private industry pay rolls increased 1 billion dollars, reflecting primarily an increased work week in both durable and nondurable goods industries.

During 1951 aggregate payments to individuals advanced 12 percent. While all groups except transfer payments shared in the increase, wages and salaries and farm income showed the largest relative rise. Most of the gain, however, was concentrated in the first half of the year, and the rate of increase subsequently slackened.

Table 1.- Personal income, seasonally adjusted at annual rates, fourth quarter, 1950 and quarterly for 1951

Item	1950	1951			
	IV	I	II	III	IV
	Billion dollars	Billion dollars	Billion dollars	Billion dollars	Billion dollars
Wages and salaries	154.2	160.1	165.4	167.6	170.3
Other labor income	3.7	3.8	3.8	3.8	3.9
Proprietors' and rental income	47.2	48.8	48.1	49.1	49.7
Dividends and personal interest income	21.4	19.2	20.1	20.2	20.5
Transfer payments	11.9	12.3	12.5	12.6	12.6
Total	238.3	244.1	249.9	253.2	257.0

Department of Commerce.

Department store sales again declined during January. The Federal Reserve Board index (1947-49=100), seasonally adjusted, was 108, compared with 109 in December, 112 in November, and 125 in January a year ago. Weekly sales this January ran as much as 14 percent below the corresponding weeks of last year, when the second post-Korean buying spree was nearing its peak.

Retail sales during January, after seasonal adjustment, totaled 12.6 billion dollars, an increase of about 2 percent from December. The gain was widespread among both durable and nondurable goods stores, with the former group up almost 5 percent. Only drug and general merchandise stores registered a decline. Compared with January 1951, when the second post-Korean buying wave was at its peak, total retail sales were off about 5 percent. This situation is attributable almost entirely to a 20 percent lower level of sales at durable goods stores this January than last. Retailers' inventories rose very slightly during December, the latest month reported, ending 6 months of steady decline. Total retail inventories were reduced more than 11 percent from the peak last May to November and, with relatively stable sales, retail stock-sales ratios declined substantially but are currently a little above the annual averages for 1948 and 1949. The slight rise in inventories during December represented a gain at nondurable goods stores, particularly for food and general merchandise and a slight reduction in stocks at durable goods stores. A 5 percent cut in inventories of the automotive group more than offset inventory gains at jewelry and home furnishings stores.

Consumer credit outstanding at the end of December totaled 20.6 billion dollars, about 600 million above the previous month and 500 million above the peak in December 1950. The gain over the month was due to a rise of 400 million dollars in charge accounts and 200 million in installment credit.

The seasonal increase in installment credit carried the total outstanding to about 13.5 billion dollars, approximately the same as the peak in December a year earlier. The usual end-of-the-year decline in automobile financing more than offset increases in other sales credit and loans. The gain in noninstallment credit, including charge accounts and other consumer credit, reflected primarily increased charge-account credit due to holiday buying.

COMMODITY PRICES

Wholesale prices have held relatively stable since mid-1951 following the decline from the peak in March last year. This "sidewise movement" has been accompanied by a similar stability in over-all output of industrial products with production of goods for defense and industrial expansion approximately offsetting reduced output of consumer goods, both durable and nondurable. Retail sales also varied little over the period. A liquidation of previously accumulated inventories substantially eased the supply situation for many commodities and contributed to reduced output of consumer goods. Available information indicates that this rather "delicate balancing" of supplies with combined demands on the economy for goods and services is continuing into 1952 and is contributing to relatively stable prices despite recent signs of some softening.

The BLS index of wholesale prices declined slightly over the four-week period from January 22 to February 19, as all commodity groups were off

except metals and metal products. Farm products and foods, down 1.3 percent and 0.6 percent, led the decline, while average prices of all commodities other than farm products and food dropped 0.5 percent. Reflecting decreases in residential building and continued high production of building materials, this group was off 0.5 percent, and textile products were again down, this time by 3 percent. Chemicals and allied products also averaged 1.3 percent lower. However, the still relatively scarce metals and products rose 1 percent.

The recent decline brought the over-all index of wholesale prices 4.9 percent below February last year. Farm product prices are down 8.5 percent, and foods, 1.4 percent, contrasted with 4.4 percent lower average prices for industrial products. Among the industrial commodities, textile products have declined the most--15.4 percent--followed by a 10.8 percent drop in chemicals and allied products which is largely due to slack conditions in the rayon industry. Building materials are 2.3 percent below the year-ago level. Fuel and lighting materials are slightly higher, while metals and products have continued to rise and are averaging nearly 3 percent more.

The BAE index of prices received by farmers dropped again from January to mid-February continuing the decline from December. At 289 the index was down 4 percent from mid-January and 8 percent below the record level in February 1951. Crop prices, averaging 6 percent lower over the month, were largely responsible for the decline. However, livestock product prices were also off slightly due to lower prices for wool and seasonally cheaper eggs.

Moving against their usual seasonal pattern, truck crop prices fell more than one-third below both the previous month and the year ago level. Fruit prices were down 2 percent from mid-January, and averaged about 18 percent below last year. The index of feed grain and hay prices was 4 percent above a year ago but down a little over the month as corn and most other feed-grain prices eased off slightly. Prices of oil-bearing crops averaged 2 percent below mid-January and more than a fifth below mid-February last year. Lower prices for potatoes and dry beans more than offset a rise for sweetpotatoes, lowering the index of "other vegetables" prices by 1 percent below January to a level 68 percent above the relatively low prices of a year earlier.

Although sheep and particularly lamb prices were down from January, meat animal prices in February averaged about the same as a month earlier and 11 percent below last February when combined marketings of all livestock were relatively small. With milk production no greater than a year ago, dairy product prices in February were averaging 11 percent higher. Average prices for poultry products continued to decline and in mid-February were 12 percent below a year ago. Wool prices, down 10 percent over the month ending mid-February, were 50 percent below the relatively high prices a year earlier.

Table 2.- Group indexes of wholesale prices week ended February 19, 1952 with comparisons

(1926 = 100)

Group	Week ended Feb. 19, 1952	Week ended Jan. 22, 1952	Week ended Feb. 20, 1951	Week ended June 27, 1950	Week ended February 19, 1952 percentage change from: Week ended Jan. 22, 1952	Week ended Feb. 20, 1951	Week ended June 27, 1950
All commodities	174.8	175.9	183.8	157.4	- .6	- 4.9	+ 11.1
Farm products	186.4	188.9	203.7	165.4	- 1.3	- 8.5	+ 12.7
Foods	185.1	186.2	187.7	162.4	- .6	- 1.4	+ 14.0
All other than farm and food	164.2	165.0	171.8	149.2	- .5	- 4.4	+ 10.1
Textile products	153.1	157.8	181.0	137.3	- 3.0	- 15.4	+ 11.5
Fuel and lighting materials	138.7	138.9	138.3	132.8	- .1	+ .3	+ 4.4
Metals and products	193.4	191.5	188.1	171.9	+ 1.0	+ 2.8	+ 12.5
Building materials	222.5	223.7	227.7	203.7	- .5	- 2.3	+ 9.2
Chemicals and allied products	131.7	133.5	147.6	114.5	- 1.3	- 10.8	+ 15.0

Bureau of Labor Statistics.

Table 3.- Group indexes of prices received by farmers, February 15, 1952 with comparisons

(1910-14=100)

Group	Feb. 15, 1952	Jan. 15, 1952	Feb. 15, 1951	February 15, 1952 percentage change from	
				Jan. 15, 1952	Feb. 15, 1951
Food grains	249	251	254	- 1	- 2
Feed grains and hay	230	234	222	- 2	+ 4
Cotton	313	325	351	- 4	- 11
Tobacco	436	431	440	+ 1	- 1
Oil-bearing crops	296	303	379	- 2	- 22
Fruit	168	171	204	- 2	- 18
Truck crops	217	337	333	- 36	- 35
Other vegetables	281	283	167	- 1	+ 68
All crops	259	277	283	- 6	- 8
Meat animals	377	376	425	1/	- 11
Dairy products	317	316	285	1/	+ 11
Poultry and eggs	181	200	205	- 10	- 12
Wool	310	344	612	- 10	- 49
Livestock and products	317	320	340	- 1	- 7
Crops and livestock and products	289	300	313	- 4	- 8

1/ Less than 0.5 percent increase.

Average prices paid by farmers for commodities used in production were up slightly in mid-February from the record level of the previous month. Field crop seeds, feeder livestock, and motor vehicles were the main contributors to this rise. Rural living costs were steady at about 2 percent above a year ago.

The parity index--prices paid by farmers including interest, taxes, and farm wage rates--at 288 percent of the 1910-14 average, rose 1 point during the month ended mid-February and was 4 percent above a year earlier. The parity ratio (index of prices received divided by the parity index) in mid-February was 100, compared with 105 in January and 113 a year ago.

The consumers' price index for moderate income urban families, as estimated by the Bureau of Labor Statistics, was 189.1 percent of the 1935-39 average in January, the same as in December. Slightly lower prices for clothing and house furnishings than in December were offset as costs for rent, food, fuel and electricity, and miscellaneous items inched upward.

FARM INCOME

Farmers received about 1.9 billion dollars from marketings in February, 25 percent less than in January but 4 percent more than a year ago. Most of the decline from January was due to seasonally smaller marketings, partly the result of fewer marketing days in February. Prices averaged 4 percent below the previous month and 8 percent below last February.

Receipts from livestock and products in February were 1.3 billion dollars, 12 percent less than in January, but about the same as February 1951. Average prices were slightly below January, and 7 percent less than in the corresponding month last year. Receipts from meat animals were down about 17 percent, with marketings falling off seasonally. Receipts from dairy products and from poultry and eggs, however, were about the same as in January and a little above a year ago.

Crop receipts in February were 0.6 billion dollars, 40 percent less than January but 10 percent more than February of last year. Average crop prices were down 6 percent from January and 8 percent from a year ago. There were marked seasonal declines in receipts from most crops. Compared with last February, however, receipts for wheat, cotton, potatoes and soybeans were up noticeably.

Total receipts for the first 2 months of 1952 were about 4.5 billion dollars, 4 percent more than last year. Prices averaged 4 percent lower but marketings were a little larger.

Receipts from livestock and products in the two-month period were 2.8 billion dollars, slightly less than last year. Average prices were 5 percent below a year ago, but marketings were 5 percent higher. Receipts from meat animals were 4 percent less than last year because lower prices more than offset higher marketings. Poultry and egg receipts, however, were 7 percent above a year ago in spite of lower prices. Dairy receipts were up about 10 percent because of higher prices.

Crop receipts in the first two months were 1.7 billion dollars, 12 percent above last year with prices down 4 percent. Wheat, cotton, potatoes, and soybeans were up rather sharply, but corn, tobacco, and oranges were down.

LIVESTOCK AND MEAT

Prices for meat animals have been somewhat weaker this winter than last as demand for meat has leveled off in recent months and supplies have improved. As this situation is not likely to change much soon, about the usual seasonal price movements are expected for meat animal prices this spring. Prices for fed cattle may decline as marketings rise while price increases are more likely for lower grade cattle which will go on grass. Prices of hogs will probably rise seasonally. This summer they may reach the level of a year earlier.

The annual January 1 inventory of meat animals on farms supports the outlook that slaughter of cattle and calves will increase moderately in 1952, that slaughter of sheep and lambs will increase somewhat, and that slaughter of hogs in the first part of 1952 will be above a year earlier. Later in the year hog slaughter probably will drop below 1951 because the 1952 spring pig crop is being reduced due to smaller feed supplies.

Total meat production for 1952 is expected to be moderately above 1951. It may be the largest since 1947 but smaller than in each year from 1943 through 1947. Most of the increase over 1951 will occur in the late winter and spring. At that time last year, production was unusually low. Consumption per person for all of 1952 is likely to be 2 or 3 pounds more than the 138 pounds of 1951.

The total number of meat animals on farms on January 1 was up 5 percent from January 1951 and was the third highest on record. The number of cattle and calves on farms this January was a record 88.1 million, 6 million head or 7 percent more than last January. The number of sheep and lambs, though still small, was 4 percent larger than a year ago. The number of hogs was up 2 percent over the previous January, reflecting a similar increase in pigs saved last fall over the previous fall.

In the three years since January 1949, the number of cattle has increased 11 million head or 15 percent. Noteworthy were the much faster expansion in beef than in milk cattle and the greater percentage increase in the South and the Western Corn Belt than elsewhere. The number of all cattle and calves for milk rose only about 1/2 million over the three years but the number of cattle for beef increased 10-1/2 million head or 26 percent. The number of beef cows alone climbed from 15.9 million in January 1949 to 20.6 million this January, a new record.

Over the three years, numbers of all cattle and calves rose 22 percent in the South Atlantic, 18 percent in the South Central, 10 percent in the East North Central and 16 percent in the West North Central Regions. In the West, the rise was 13 percent and in the North Atlantic Region, only 5 percent.

Included in the cattle and calves on farms this January were 5.1 million head on feed for market, 11 percent more than a year earlier and a new high. About 15 percent more sheep and lambs were on feed this January than last, but the number was small compared with most earlier years.

The historical data on livestock numbers were recently revised back to 1945 on the basis of the Census of 1950 and other information.

DAIRY PRODUCTS

With continued strong demand in prospect, prices to farmers for dairy products are likely to continue higher than a year earlier. Milk production in 1952 probably will not exceed that of 1951 and may be lower since the number of milk cows on January 1 was one percent below a year earlier. Stocks of dairy products were considerably less than at the beginning of 1951. With a larger population, the per capita supply of dairy products in 1952 is likely to be lower than last year.

Prices received by farmers for milk and butterfat are declining less than seasonally this year. The price of butterfat, in fact, increased contraseasonally from December to February. At 80.9 cents per pound in February, the price of butterfat was 18 percent higher than a year earlier and was 105 percent of parity. The price received for milk delivered to plants and dealers was $4.96 per 100 pounds in February, an increase of 9 percent over February 1951 and was 102 percent of parity.

In recent weeks dairy product prices have increased relative to prices for both feed concentrates and meat animals. The milk-feed price ratio in February was above average and the butterfat-feed price ratio was equal to average for the first time since 1948. Butterfat prices also were above average in relation to hog prices but were still only about half the usual relationship to beef cattle.

The number of milk cows, until recent years, usually has increased fairly steadily with the population. In 1945 numbers of milk cows reached a peak, along with the number of non-milk cattle. From 1945 to 1948 the number of non-milk cattle decreased but in the last 3 years has risen to a new high, and exceeds 1945 by 12 percent. The number of milk stock, on the other hand, has decreased each year since 1945, though at a much slower rate in the last 4 years. On January 1, 1952 the number was 16 percent below 1945. The decline in milk cow numbers reflects reduced demand for butter, relatively better incomes from enterprises competitive with dairy, such as production of other livestock and grains for cash sale and good nonfarm opportunities. Moreover, with the generally better real incomes to farmers, milking cows has appealed less to them. The decline in milk cow numbers has not been reflected in a corresponding drop in total milk output, since milk output per cow has increased considerably.

POULTRY AND EGGS

Egg prices in January and February declined to levels considerably below those of a year earlier. Production on February 1 was at a rate 13 percent greater than a year earlier, because of increases in both the number of layers and the rate of lay.

The quantity of shell eggs in storage in mid-February was larger than in 4 of the past 5 years, but the net into-storage movement of frozen egg had just begun by mid-February, and current breakings were not yet enough to appreciably strengthen egg prices.

Farmers intend to raise 10 percent fewer chickens for laying flock replacement this spring than last. The intended reduction is in line with the experience of other years when declines in the egg-feed price ratio have been followed by declines in the number of chicks brooded. In mid-January, the egg-feed price ratio was 9.5, against 11.0 a year earlier.

If the intended decrease in chickens raised materializes, it will not significantly affect egg production until the last few months of 1952. This spring, output is expected to total about 4 percent higher than in the spring of 1951. For the year as a whole, production will probably exceed the record level of 1951.

By midsummer the decline in chickens raised will affect marketings of young farm chickens. For the year as a whole, however, the decline in poultry meat from farm chickens will be much more than offset by increases in broiler and turkey production.

Broiler prices to producers rose sharply early in 1952 after having been low in the last quarter of 1951. Currently, broiler placements are about 20 percent above a year earlier.

Turkey producers plan to increase the number of turkeys raised 11 percent over the record of 1951, according to their January 1 intentions. The percentage increase for the Beltsville Small Whites is likely to be considerably greater than for the large breeds, as was the case last year. In Virginia, which probably produces more Beltsville Small Whites than any other State, producers plan a 35 percent increase over the 1951 crop.

FATS, OILS, AND OILSEEDS

Prices of edible vegetable oils have been declining for a number of months and in February were at a level substantially below a year earlier but about the same as two years before. Total disappearance of these oils (domestic and export) in October 1951-January 1952 (the first 4 months of the 1951-52 marketing years) was about the same as the year before, but supplies were much greater. Stocks on February 1, 1952 were the largest for that date in many years. In recent months, supplies of lard have been large as production has increased seasonally. Prices have declined substantially, although until recently, a very heavy demand for export had retarded the rate of decline. Up to February, prices of lard in relation to edible oils have been higher than in recent years. Total disappearance of lard in October 1951-January 1952 was about 8 percent greater than a year ago. Butter prices continued upward as supplies are relatively scarce in relation to demand.

With relatively large supplies and a slow movement of soap fats into consumption channels, prices of these fats continued to show weakness. Production and total disappearance of inedible tallow and greases in the first 4 months of the 1951-52 marketing year were well below the year before. The price of linseed oil declined sharply in February which reflects both the fact that the quantity of flaxseed on hand January 1, 1952 was larger than had been expected, and that requirements for oil have not been very great.

The index number of wholesale prices of the 26 major fats and oils (excluding butter) in February 1952 was about 160 percent of the 1935-39 average compared with 170 in January and 251 in February 1951.

Exports of fats, oils and the oil equivalent of oilseeds in 1951 totaled a record 2,476 million pounds, 18 percent more than the year before. Nearly all of this increase was the result of large shipments of soybean oil to Spain, soybeans to Japan and lard to the United Kingdom and Yugoslavia. Yugoslavia was in a deficit food position throughout most of the year because of a severe drought in 1950. The failure of the 1950 peanut crop in Nigeria forced the United Kingdom to turn to alternative sources to supply part of her need for fat. Nearly 12 million bushels of soybeans were exported to Japan in 1951 as Japan terminated arrangements with Manchuria, her usual source of supply, following the outbreak of hostilities in Korea. Spain found it advantageous, price-wise, to ship olive oil from her small 1950 olive crop to the United States and in return purchase soybean oil for domestic use. Compared with the year before, exports of lard, edible vegetable oils and the oil equivalent of soybeans and peanuts, were up 38, 29, and 25 percent, respectively.

CORN AND OTHER FEED

Prices of feed grains declined in late January and early February. By the middle of February market prices of corn, oats, and barley were 10 to 15 cents per bushel below high points reached in January. The index of prices received by farmers for feed grains in February was 2 percent lower than in January, but 3 percent higher than a year earlier. Prices of some of the high-protein feeds advanced, resulting in a slight increase in the index of high-protein feeds. The index in February averaged 8 percent above the level of a year ago. Prices of oil-seed meals and a number of the other higher-protein feeds continue at ceiling levels. Because of rising feed costs during the past year, accompanied by a decline in the prices of hogs and eggs, the feed-price ratios for both products were considerably lower in January and February than a year ago. The dairy product-feed price ratios, however, are near average and about the same as a year ago.

The Department of Agriculture announced on February 11 that 1952 crop corn will be supported at not less than $1.60 per bushel. The support price will be raised if 90 percent of the parity price at the beginning of the 1952 marketing year is greater than $1.60 per bushel.

Supplies of feed grains in the first half of 1952 will be smaller than in any of the past 3 years. On the other hand, the number of livestock and poultry on farms is at the highest level since 1946. Total stocks of the four feed grains on January 1 were about 10 percent smaller than a year earlier. In relation to the number of grain-consuming animal units to be fed, they were 10 to 15 percent smaller than in the 3 years, 1949-51. While total stocks are much larger than just before the war, they are only moderately larger in relation to the increased number of livestock on farms.

The total quantity of feed grains fed to livestock during October-December was about the same as in that period of 1950, while less went into domestic non-feed uses, and for export. Feeding is expected to continue fairly heavy through the first half of 1952, although it may drop off later in the feeding year. Carry-over of each of the feed grains at the end of the 1951-52 season is expected to be smaller than at the beginning. Combined stocks of the four feed grains may be down around one-third from the 28.7 million tons carried over at the beginning of the season.

WHEAT

Cash wheat prices may continue at about present levels. Biggest uncertainties during the next few months are the weather and export demand. Prices will be increasingly affected by prospects for the winter crop. Export demand will continue to be stimulated by the small harvests in Argentina and Australia this winter. On the other hand, Canada has moved considerable wheat into export positions and will offer increasing competition for sales outside the Wheat Agreement.

Prices received by farmers for wheat in mid-February averaged $2.18, 2 cents below a month earlier, and 3 cents below a year earlier, when prices were temporarily high. On February 28 the price of No. 2 Hard Winter, ordinary protein, in Kansas City was $2.47, which was 3 cents above the loan, 20 percent above the low reached on July 1951 and 11 cents below the season's high reached on December 10.

Exports, including wheat flour and other products, from July through January totaled about 265 million bushels, including an estimate of 46 million bushels for January. A total of 241 million bushels were sold for export by the United States under the International Wheat Agreement through February 26. This left only 14 million bushels for sale under the U. S. quota at the maximum agreement price.

Through January, farmers had placed 210 million bushels of wheat under loan and purchase agreement programs, compared with 196 million a year earlier. Redemptions through December 1951 totaled 27 million bushels. The total quantity from the 1950 crop placed under the support programs was 196 million bushels. Farmers had until January 31 to file applications for loans and purchase agreements.

The condition of winter wheat is only fair in the Southern Great Plains and is dependent upon continued timely rainfall. Light snow and rain have packed the soil about the roots of the wheat plants, but more moisture is badly needed in important Southwestern areas, where a short top growth will not check damage from wind erosion. The crop is in satisfactory condition over the central and northern Plains areas, and is in excellent condition in the central States and Pacific Northwest.

In Europe, conditions for winter grains are considered generally satisfactory. In mid-February the weather turned milder over much of Europe, following wintry conditions. Snow cover had been partly or entirely removed in a number of sections but some areas still reported fair snow protection. Fragmentary reports seem to indicate that the acreage in Western Europe may be about the same as in 1951. Moisture reserves in the Prairie Provinces of Canada up to November 15 were reported at 136 percent of normal, compared with 90 percent of normal a year earlier and 72 percent 2 years ago.

FRUIT

Prices that growers will receive for most fruits in March and April probably will increase less than seasonally. Even so, moderately higher prices for apples and pears than in these months of 1951 are expected, but citrus will be somewhat lower. Total supplies of fresh and processed fruits are larger than usual for this time of year, although supplies of a few fruits are smaller.

Prices for oranges and grapefruit at the principal terminal auction markets have advanced slightly from the post-holiday low levels in January. Some further increase in orange prices seems probable in late winter as marketings shift further to the Valencia variety, which usually brings higher prices than earlier oranges. Not much additional increase in grapefruit prices seems likely.

An important factor in the lower citrus prices this year than last has been the weaker total demand for the fruit for processing. In Florida, output of canned orange juice through February 16 was about 28 percent smaller than comparable production in 1950-51. Output of canned grapefruit juice, blended orange and grapefruit juice, and grapefruit sections also was much smaller. But the pack of frozen concentrated orange juice was 42 percent larger. Total stocks of canned citrus products were about the same as a year earlier, but those of frozen orange juice were much larger. Supplies of oranges remaining to be marketed after mid-February were considerably larger than those at the same time in 1951.

Stocks of apples and pears in cold storage January 31, 1952 were each considerably smaller than usual for this time of year. Those of apples were about 11 million bushels, or 41 percent, smaller than stocks on January 31, 1951. Movement out of storage in January was slightly smaller than usual for apples but slightly larger for pears. Prices received by growers for these two fruits in February averaged about the same as in January 1952, but moderately higher than in February 1951. Some increase in prices for the relatively small remaining stocks seems likely this winter and spring.

Commercial production of strawberries is expected to be considerably smaller, and prices somewhat higher, in the late winter and early spring of 1952 than in this period of 1951. Cold-storage holdings of frozen strawberries on January 31, 1952, were about 3 percent smaller than a year earlier. Total holdings of frozen fruits and berries (excluding juices) were about 4 percent smaller.

COMMERCIAL TRUCK CROPS

For Fresh Market

Prices received by farmers for many commercial truck crops shipped to the fresh market recently have dropped sharply from the high levels of early winter, due to increasing shipments. However, prices from January through March are expected to average higher than last winter.

Prices this spring probably will average a little lower than a year earlier, if production keeps pace with the 10 percent increase in total acreage now indicated for 7 spring crops. Greatest increase in acreage is indicated for early spring onions, of which last year's acreage was unusually low. The spring acreage of cauliflower in California and Oregon shows a decrease of 11 percent. Cabbage and watermelon acreages show slight increases. Little change is indicated for asparagus, cantaloups and shallots. Acreage indications for 14 other spring crops will be available later.

For Commercial Processing

Commercial canners and freezers of vegetables generally are seeking somewhat smaller acreages and tonnages this year than last. Because of this lighter demand, processors will be inclined to offer slightly lower contract prices to growers than in 1951. At the same time, growers probably will resist offers of lower prices because of increased costs of production. Consequently, processors probably will have to hold to prices close to last year's if they do not want to lose substantial acreage.

Acreages suggested for 1952 harvest in the Department Goals for 9 processing crops total only 2 percent less than aggregate acreage harvested in 1951. However, if such acreages are planted, and if yields per acre are no better than average, the resulting production would total 15 percent less than in 1951.

POTATOES AND SWEETPOTATOES

Prices received by farmers for 1951 crop potatoes are expected to remain at least as high in March and April as in February. Prices for new or 1952 crop potatoes, however, are expected to fall in April and May as shipments increase. Acreage for late spring harvest this year, particularly in California, is expected to be substantially larger than last year.

First indication of possible potato acreage in all States will be available with the early March report of farmers' intentions to plant. If farmers react to high potato prices this spring as they have in many past years, they will plant a somewhat increased acreage this year.

Sweetpotatoes will continue to be scarce and high priced throughout this spring because of the small supplies available from the short 1951 crop. Some increase in acreage planted this year is probable in response to the high prices farmers are receiving for the 1951 crop. In mid-February farmers received an average of $3.57 per bushel for sweetpotatoes, about 75 percent more than the $2.05 received a year earlier.

DRY EDIBLE BEANS

On February 15, 1952, the Department announced support prices for 1952-crop dry edible beans designed to encourage needed adjustments in production of the various classes of beans, and to provide a national average support level of approximately 85 percent of the January 15, 1952 parity price for dry edible beans. Dollars-and-cents support prices for all classes of beans are higher this year than last, but increases are greatest for the classes for which the largest acreage increases are desired. The Department's production program for 1952 calls for a substantial increase in acreage of Great Northern beans, some increase in peas and large lima beans, a substantial decrease in baby limas, and little or no change in all other classes from the 1951 level.

COTTON

Average prices in the 10 spot markets for Middling 15/16 inch cotton during the month ending mid-February fluctuated between a high of 42.11 cents per pound on January 21 and a low of 39.89 on February 13. Grower prices for cotton in mid-February, at 37.25 cents per pound, were down 1.45 cents from January, continuing the decline from December. Cotton prices averaged 108 percent of parity in February compared with 113 in January and 128 a year earlier.

On February 21, the Department announced a loan rate of at least 30.91 cents per pound for Middling 7/8 inch cotton at average location. This is 90 percent of the January parity price. If the parity price on July 15 is higher than the January level, the loan rate will be increased accordingly.

The net movement of upland cotton out of CCC loan, which started early in December, continued into February. Between January 17 and February 7, only 18 thousand bales entered the loan while repayments were made on 74 thousand bales. Loan entries through February 7 totaled 889 thousand bales, but repayments had been made on 455 thousand bales.

Consumption of cotton during January 1952 was at a daily rate of 37.7 thousand bales. This compared with the rates of 35.4 thousand bales in December and 42.7 thousand bales during January 1951. Consumption this season through January, the first half of the marketing year, totaled 4,707 thousand bales compared with 5,449 thousand during the same months of last season.

Exports of cotton during December totaled 980 thousand bales. This brings the total for this marketing year through December to 2,873 thousand bales compared with 1,833 thousand bales during the same months of the previous marketing year.

WOOL

Wool prices in domestic and foreign markets generally have moved gradually downward since last fall. At mid-February, prices received by United States farmers averaged 55.2 cents per pound, grease basis, 91 percent of parity and 63.8 cents below the record reached in March 1951.

Wool prices in foreign markets in late February ranged from 50 to 60 percent below the record high levels of last March.

Since the outbreak of hostilities in Korea, wool prices have fluctuated widely. From June 1950, just before the war began, to March 1951, prices advanced sharply. Mills and distributors bought heavily, relatively large inventories were built up in manufacturing and distribution channels, and military purchases were large. Buying of wool goods by civilian consumers also increased sharply, particularly just after the Korean outbreak and again after the Chinese communists entered the conflict. Nearly all of the surplus stocks of wool accumulated during World War II had been used by the beginning of 1951. Prices received by growers for shorn wool last year averaged 99.5 cents per pound, grease basis, compared with 57.3 cents the year before.

Demand for wool for civilian goods dropped off sharply after the spring of 1951. Inventories were relatively large, compared with sales, in manufacturing and distribution channels. Retail sales dropped off and substitution of other materials, particularly synthetic fiber and reclaimed wool, increased. World consumption of wool during 1951 was about 19 percent below that of 1950. The decline was partly offset by an increase of 6 percent in the use of other materials. Woolen and worsted mills in the United States consumed 14 percent less apparel wool in 1951 than the year before, even though manufacture of military items increased substantially. Consumption of carpet wool was about half that of the year before.

Mill demand for raw wool for civilian goods probably will strengthen as inventories become more nearly in line with retail sales. Total mill consumption of apparel wool this year for civilian and military goods probably will not differ greatly from the quantity consumed last year.

World supply of wool this season is about the same as during 1950-51. Smaller stocks in consuming countries on July 1, 1951 about offset a slight increase in world production and larger carry-over in the major exporting countries, particularly Argentina and New Zealand. Considerably more wool is available for export from the Southern Hemisphere countries during the remainder of the current season than at this time last season.

Production of both shorn and pulled wool in the United States is expected to be somewhat larger this year than in 1951, on the basis of a 4 percent increase in sheep inventories. Production last year is estimated at 225.5 million pounds of shorn and 24.9 million of pulled wool. Cash receipts from shorn wool last year totaled 224.5 million dollars, compared with 123.3 million in 1950. The gain reflects an increase of about 5 percent in production and the much higher average price received.

The price support program for shorn wool in 1952 will be a loan rather than a purchase program as in recent years. The price of pulled wool, however, will continue to be supported through purchases. The average level of support will be 90 percent of parity as of the beginning of the marketing year on April 1, 1952.

Imports of apparel wools (dutiable) last year totaled 272 million pounds, clean basis, 9 percent more than during the year before. While imports of such wools during the first half of the year exceeded those of the same period of the year before by 34 percent, imports during the second half of the year were 16 percent below those of the same months of 1950. Imports of 89 million pounds of carpet wools (duty-free) were 59 percent below those of 1950.

TOBACCO

The marketing of a large proportion of the 1951 crop of tobacco has been completed. The flue-cured crop averaged about 52 cents per pound--4 to 5 percent less than for the 1950 crop. Numerous grades brought higher prices in 1951 than in 1950, but the larger proportion of lower-priced grades pulled down the general average. The 1951 Burley crop averaged around 51 cents per pound--nearly 5 percent more than the 1950 crop and the highest on record.

Flue-cured and Burley find their largest outlet in cigarettes. Manufacture and consumption of cigarettes were at record highs in 1951 and some further increase seems likely in 1952. Flue-cured is also the major export class of tobacco, and exports in July-December 1951 were 21 percent ahead of those in the same period of 1950. Britain is the leading foreign outlet for flue-cured and took substantially more from the 1951 crop than in most other postwar years. The British Government has announced a cut in her tobacco imports for 1952 and consequently, 1952 exports probably will show a moderate drop from the 1951 level.

The 1951 dark air-cured crop in Kentucky-Tennessee averaged about 34 cents per pound--9 to 10 cents higher than the 1950 crop, which was of poor quality because of adverse weather conditions. The 1951 Virginia fire-cured crop averaged about 39 cents per pound--3 cents more than the previous high received for the 1950 crop. The 1951 Kentucky-Tennessee fire-cured crop averaged between 38 and 39 cents for auction sales through late February. This was well above last season's average which was unusually low due to the poor quality crop in 1950.

The major domestic uses of dark air-cured tobacco are in chewing tobacco and of fire-cured, in snuff. The 1951 manufacture of chewing tobacco and snuff held about even with that of 1950. The 1951 exports of Kentucky-Tennessee fire-cured and dark air-cured tobacco showed a substantial relative increase over those in 1950.

The 1951 crop of Maryland tobacco, estimated at nearly 43 million pounds, is 7 percent larger than the 1950 crop. Stocks are at a record high. The bulk of the 1951 crop will be marketed at the auction, which probably will open in May. Most Maryland tobacco is used in domestic cigarette manufacture. The 1951 exports (the equivalent of almost one-fifth of last year's production) were 20 percent larger than in 1950.

A considerable proportion of the cigar tobacco has been sold. Prices this season through early February averaged higher than last for Connecticut Valley Havana Seed and Northern Wisconsin type 55, but the Connecticut Broadleaf average was lower.

Domestic factories produced about 5.6 billion cigars in 1951--nearly 4 percent more than in 1950. Cigar consumption seems likely to show some further gain in 1952.

The exports of all unmanufactured tobacco from the United States in 1951 totaled 521 million pounds valued at 322 million dollars. Volume was 9 percent greater and value was 29 percent higher than in 1950. United States tobacco imports for consumption totaled 105 million pounds valued at 85 million dollars in 1951. The volume exceeded that of any previous year and value was exceeded only by 1946 and 1947.

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